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June 24, 1965

DECLASS REVIEW by NIMA/DOD

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Re:

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Dear

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I have been in touch with

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President of [] regarding questions which arose in my last meeting with representatives of your office. I asked [] to provide a little more factual detail concerning the direct relationship between the expansion of his facilities and the award of []. I am quoting here appropriate excerpts from [] reply to me in the hope that they satisfactorily answer the questions still outstanding.

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"When we proposed a research project covered by the above contract number, our engineering staff was sufficient to handle our everyday business as it existed at the time. However, due to the size of the contract, which represented better than a third of our yearly volume in addition to our normal business, we had to provide additional qualified engineers to be able to conduct the R & D project in question.

"It was not a question of whether the new people could do things that our regular staff could not do, it was more a problem of quantity than quality, that is, our regular staff was normally occupied and, therefore, we could not spare the engineers for the new project without endangering our normal business.

"In fact, however, one of the new engineers was an expert on feeding and transporting film and paper, another one was an expert on complex electromechanical devices. Both these capabilities were highly desirable for the project in question.

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" . . . after the termination of the contract . . .

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[] was assigned to research an idea for mounting aperture cards, which was never put to any practical use. []

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[redacted] was assigned to investigate the feasibility of a diazo type contact printer, which again found no practical application and [redacted] was used as a checker in our production engineering for a while. . . . since these people were on contract, and had specific abilities, and we had no government or commercial contracts to which these people could be profitably diverted, we conducted some R & D projects of our own just to keep them occupied. As indicated, neither one of the two projects turned out to be profitable and, therefore, their time and investment was a total loss.

"We expected to use all three men full time on the project for one year at least, since the original estimated time was eighteen months and we hoped that after the first year, our R & D had progressed far enough so that we would be involved in building the prototypes within the last six months of the contract.

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"The [redacted] portion of the contract did provide for some additional R & D, but only about 30% of the total, since they wanted the same basic unit as the agency, but with some additional features, which had to be researched and incorporated.

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" . . . the prototype was estimated at about [redacted] which includes some engineering and tooling, and better than [redacted] was estimated for the R & D portion and, since the [redacted] portion was a total of [redacted] their R & D addition was estimated at [redacted]

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"As to the new floor space, one specific requirement was to have an area completely separated from our other activities so that it could be safeguarded properly for classified contracts, such as this one, and therefore, such an area had to be first rented, and then produced. Secondly, the R & D requirements were such that an environment of practically "white room" conditions had to be produced to satisfy the basic specifications.

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"Certainly the [redacted] portion would have required some of the new space, but only as far as the additional floor space requirement for a second prototype, which was to be assembled simultaneously with the first one. All other activities, such as engineering would be conducted by the same people in the same engineering space provided for R & D research."

I look forward to hearing from you in the near future.

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Sincerely,

[redacted]

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